SINGAPORE.

[CIVIL APPELLATE JURISDICTION]

THE UNITED KINGDOM TOBACCO (1929) Ltd.

versus

THE MALAYAN TOBACCO DISTRIBUTORS Ld.

[SINGAPORE CIVIL APPEAL No. 7 of 1932]

[SINGAPORE SUIT No. 657 of 1931]

Trade Mark—Passing off—brand well-known in Market—Probability of deception—Foreign Company—non-registration at date of Writ—non-compliance with Section 290 (1) Companies Ordinance—whether an illegal association—right of action.

Where a manufacturer puts on the market a brand of cigarettes widely known to dealers and consumers by a particular name, another manufacturer is not entitled to adopt a mark which is likely to lead purchasers into the belief that they are buying the cigarettes of the first manufacturer. The fact that the latter's cigarettes are known by other names is immaterial nor is the fact of the illiteracy of the consumers.

Reddaway v. *Banham* (1896) A.C. 99 and *Orr Ewing and Co.* v. *Johnston & Co.* (1880) 13 Ch.D. 434 applied.

It is not necessary to prove actual deception; tendency to deceive is sufficient. The fact that there has been a large fall in the sales of the manufacturer's cigarettes since the introduction of the rival brand is an important factor to be considered.

A foreign company, which has not been registered at the date of the Writ and has not filed the necessary documents according to Section 290, Companies Ordinance, is not precluded from enforcing by action any rights acquired by it while not in default. Non-registration and non-compliance with S. 290 would only render the defaulter liable to penalties prescribed in that Ordinance.

Appeal by the defendants from the Judgment of Terrell J. granting to the plaintiffs a perpetual injunction restraining the defendants from applying to any cigarettes manufactured sold, imported or exported for sale by them the mark or title "Twenty-one" in words or "21" in number.

The plaintiffs a company incorporated in England in 1929, manufactured and sold since November 1929, a brand of cigarettes called the "Golden Sword" brand. The cigarettes themselves each bore the number "21" in figures placed above a device consisting of crossed swords with the word "Virginia" written below. This brand of cigarettes was sold throughout Malaya to natives consisting of Malays, Chinese, Indians and others who do not know English. It appears that the plaintiffs' brand has become commonly known to its consumers as the plaintiffs' manufacture. On 20th May 1931 the defendants a company registered in the Straits Settlements introduced into the market a brand of cigarettes contained in packets of ten. Each packet was marked with the number "21" above a device depicting the Ace and King of Hearts placed together fanwise as held in the hand of card player and appearing to represent a natural at the game of "Vingt et un" or the similar Chinese game called "Ban Lak." The cigarettes themselves have written upon their sides the number "21" in words.

The plaintiffs complained that (1) the defendants' brand had acquired or would acquire in the market the name of "Twenty one" brand and had been sold or would be sold to dealers and consumers by the description "Twenty one" brand, (2) prior to the introduction of the defendants' cigarettes the defendants had been or might with reasonable diligence have been aware of the plaintiffs' brand, and (3) confusion had arisen or would arise by reason of the two brands of cigarettes being sold in the same market and being asked for in the same market by the said name and that the use of the number "Twenty one" by the defendants in the circumstances aforesaid was calculated to deceive and to cause the cigarettes manufactured by the defendants to be passed off as and for cigarettes of the plaintiffs' manufacture.

By their defence the defendants denied the allegations contained in Statement of Claim and objected that at the date of the issue of the Writ the plaintiffs were an illegal association inasmuch as they were carrying on business in contravention of Part IX of Ordinance No. 155 (Companies), and that at the time that they commenced to manufacture and or sell their cigarettes in November 1929 the plaintiffs were an illegal association and therefore acquired no rights of action. The defendants further contended that they had lawfully acquired their rights in the trade mark under which they sold cigarettes in May 1931. The objection in point of law was taken as a preliminary issue and judgment thereon was delivered by Terrell J. on 6th October 1931.

The arguments appear by the judgment of Terrell, J.

Battishill for the Plaintiffs.

Roland Braddell (*Spenser-Wilkinson* with him) for the Defendants.

Cases referred to:—

Ash (Claudius) Son & Co., Ltd. *v.* Invicta Manufacturing Co., Ltd., 28 R.P.C. 597.

Bensley *v.* Bignold, (1822) 5 B. & A. 335; 106 Engl. Reps. 1214.

Brightman & Co. *v.* Tate, L.R. (1919) I.K.B. 463.

Burberrys *v.* Cording (I.C.) & Co., Ltd., 26 R.P.C. 693.

Hammersmills' Paper Co. (1932) 146 L.T.R.

Jennings *v.* Hammond, L.R. 9 Q.B.D. 225.

Langton *v.* Hughes (1813) 1 M. & S. 593; 105 E.R. 122.

Leaky and others *v.* Glover, 10 R.P.C. 141.
Leather Cloth Co. *v.* American Leather Cloth Co. (1865) 11 H.L.C. 538.
Mahmoud *v.* Ispahani, (1921) 2 K.B. 716.
Re Mann's application, 36 R.P.C. 189.
Orr Ewing & Co. *v.* Johnston & Co., 13 Ch.D. 434.
Pearks, Gunston Tee, Ltd. *v.* Thompson, Talmey & Co., 18 R.P.C. 185, C.A.
Re Pomril, Ltd., 18 R.P.C. 181.
Randall *v.* Bradley & Son, 24 R.P.C. 657.
Randall (H.E.) Ltd. *v.* British & American Shoe Co., 1902, 2 Ch. 354.
Reddaway *v.* Banham, (1896) A.C. 215.
Ripley *v.* Griffiths, 19 R.P.C. 590.
Seixo *v.* Provizende, L.R. 1 Ch. App. 192.
Senajee *v.* Panajee, A.I.R. (1930) P.C. 300.
Soh Hood Beng *v.* Khoo Chye Neo, 4 S.S.L.R. 415.
Stevens, Ltd. *v.* Cassell & Co., Ltd., 30 R.P.C. 199; 29 T.L.R. 272.
Syn Thong *v.* Tong Joo, (1929) S.S.L.R. 35.
Wright *v.* Horton, 12 A.C. 371.

[On the 6th October, 1931, Terrell, J. delivered the following Judgment on the preliminary issue.]

TERRELL, J.—The only facts necessary for the decision of this point are as follows: The plaintiffs for some period previous to February 1931 sold cigarettes in the Colony but had no place of business requiring them to comply with part IX of Ordinance 155 (Companies). In February 1931 they established a place of business in the Colony but failed to comply with the provisions of the Ordinance No. 155 (Companies) within one month as required by Section 290 (1) of the Ordinance. The plaintiffs were still in default when the writ was issued on the 2nd June, 1931. The necessary documents were filed and accepted for registration on the 9th September, 1931, as from which date the plaintiffs' default ceased.

The defence raises the plea that failure to comply with the provisions of Part IX of the Ordinance rendered the plaintiff company an illegal association the effect of which would be to deprive them of the right of maintaining an action in these Courts. It was also argued that while they were in default they were not in a position to acquire the rights upon which the action is founded. As regards the latter point, I shall assume for the purpose of this judgment that certain rights were acquired by the plaintiffs prior to February 1931. Whether such rights were in fact acquired or not will of course depend upon the evidence which will be called.

A long line of cases has established the principle that every transaction forbidden by a statute and carried out in violation of it is *prima facie* illegal and void (Halsbury Vol. XXVII. p. 193). The law on the subject is summarised in the case of *Brightman & Co.* v. *Tate*, 1919 1 K.B. p. 463 where all the cases are reviewed in the careful judgment of McCardie J. who quotes with approval the *dictum* of Lord Ellenborough in *Langton* v. *Hughes*, 1 M. & S. 593, at page 596, "What is done in contravention of the provisions of an Act of Parliament cannot be made the subject matter of an action."

The defendants say that the plaintiffs have brought themselves within this principle and as a consequence cannot maintain the present action. It is necessary therefore to consider firstly what the principle in fact amounts to and secondly to consider the particular object and effect of the provisions of Part IX of Ordinance No. 155 (Companies).

It is I think quite clear that the reason why in the cases mentioned an action is not maintainable is not that the plaintiff in such actions has lost his civil rights or that, in the words of plaintiffs' counsel, he has been outlawed, but because the subject matter of the action is tainted with illegality and cannot therefore be reviewed by the Courts. I do not think that the cases cited in *Brightman & Co.* v. *Tate* have any application to the case now before the Court because the plaintiffs in this action are not trying to enforce against the defendants a contract prohibited either expressly or inferentially by statute but are suing in tort in respect of matters free from any taint of illegality.

A case which at first sight seems more in point to the present case is *Cope* v. *Rowlands*, II M. & W. p. 149. In that case a broker was held not to be entitled to maintain an action for work, labour and commission because he was not licensed by the Mayor & Aldermen of London pursuant to 6 Anne, c. 16. Baron Parke at p. 158 considers whether the act was merely for the purpose of procuring revenue for the City or whether one of the objects was the protection of the public and the prevention of improper persons from acting as brokers. The learned Judge took the latter view of the statute and held that it could not be permitted to a person to recover a compensation for an act which the law interdicts him from doing (p. 158).

Adopting this view of the law, are the present plaintiffs making any claim in this action in respect of an act forbidden by law? To answer this question it will be necessary to consider the provisions of Part IX of Ordinance 155 (Companies).

Section 290 of the Ordinance provides *inter alia* that a company incorporated outside the Colony which establishes a place of business in the Colony, shall within one month from the establishment of the place of business file with the Registrar certain documents which will give the public similar information about the capital, etc. of the company as can be obtained from

searching the register of companies incorporated locally.

Under Section 290 (7) failure to comply with the requirements of the Section renders the company liable to a fine of $500 or in the case of a continuing default to a penalty of $50 a day.

Section 290 (8) contains a definition of a place of business which is as follows:—

> " 'Place of business' includes a share transfer or share registration office; and every company having an agent in the Colony which obtains credit in the Colony or in the name of which contracts are entered into in the Colony shall be deemed to have a place of business in the Colony."

From the definition section it is clear that one of the objects of the Ordinance is to prevent companies which have a foreign domicile from making contracts in their own name or obtaining credit in the Colony without supplying the necessary particulars to the Registrar of Companies. On looking at Section 290 (1) it is to be remarked that registration of the particulars is not a condition of the existence of the company or even of such company commencing to do business. The company can legally carry on business for one month without doing anything whatever. There is a great distinction between a company locally registered and a company already incorporated abroad. The local company has no legal entity unless and until the provisions of the Ordinance have been complied with and a certificate of registration issued. The foreign company is on the contrary already in existence. Such company can sue in the local Courts without complying with any formalities as regards registration if it has no place of business and the status of such company would never be questioned. Its only disability would be that like every other plaintiff out of the jurisdiction such company might be required to give security for costs.

There is no reason whatever why such company should not acquire trade rights by user and enforce such rights by action without ever having a place of business which renders registration necessary.

In the present case it is assumed that the plaintiffs legally acquired certain rights prior to February 1931 and the argument of the defendants must be that owing to the fact that since that date they have been in default in connection with a matter quite independent of their previously acquired rights they have lost the power to enforce such rights. This appears to me to be a proposition to which the Court should only assent if it is shown by unmistakable words that this is the intention of the Ordinance. On examining the Ordinance I can find no such intention express or implied.

I express no opinion whatever on the effect of the plaintiffs' default on any contract made by them between February 1931 and the date of actual registration because no such question is now before the Court. The defendants are sued in tort and not in contract and in respect of rights acquired if at all during a period when there was no default or question of illegality.

Looking at the matter from another point of view a locally registered company has to file an annual balance sheet, notice of any change in the directors or the registered office and has other duties imposed by law. A failure to comply with the requirements of the law renders the company and its officers liable to a fine. It is quite inconceivable that in the absence of an express provision such default would for the time being render the company an illegal association incapable of suing. Counsel could not refer me to a single case in which such a defence had ever been set up although it is common knowledge that companies are frequently at fault in filing particulars. Similarly I can see no reason why a foreign company should be precluded from enforcing legally acquired rights because of some default arising subsequent to the acquisition of such rights. It is to be remarked that under Section 209 of the Companies Act 1862 insurance companies registered under a previous Act are required to be registered under the Act of 1862. Section 210 expressly provides that if such company makes default in registering it shall be incapable of suing either at law or in equity. The section further provides that such default shall not render the company so being in default illegal. This appears to me clearly to indicate that the deprivation of the right to sue is a special disability imposed by the express words of the statute. The provision that the company is not illegal is merely inserted because so drastic a provision as the deprivation of the ordinary right to sue might very well be held to have the effect of making the company illegal in the absence of express words to the contrary. If in the Act of 1862 express words were required to deprive a company of the right to sue, the absence of such express words in Part IX of the local Ordinance points to the conclusion that no such result was intended.

For similar reasons I do not consider that the cases which establish that partnerships of more than 20 persons are illegal associations which cannot enforce their rights in the Courts have any application. Section 4 of Ordinance No. 155 (Companies) definitely provides that such partnerships are illegal associations and the consequence that such partnerships have no legal rights naturally follows. There is no provision with reference to foreign companies to the effect that they are illegal associations until they have complied with Part IX of the Ordinance. The partnership case would only be in point if there were authority for the proposition that a partnership of less than 20 persons having acquired

certain rights loses such rights by subsequently increasing its partners to more than 20. Apart from this there can be no comparison between a foreign company whose origin is legal and whose rights are well recognised in these Courts and a partnership of more than 20 persons which is by statute an illegal association *ab initio*.

For these reasons I hold that the defence that the plaintiffs are an illegal association and cannot sue in respect of any rights acquired by them fails.

[On the 22nd October, 1931, **TERRELL, J.** held that the plaintiffs were entitled to the relief they claimed and, before going into the merits of the defence, delivered the following judgment in reference to the contracts entered into by the plaintiff Company during the period that it was in default]—

"The defendants also raised the defence that the plaintiffs having failed to register themselves under the provisions of Section 290 of Ordinance No. 155 (Companies) and being still unregistered at the time of the issue of the writ, were an illegal association and as a consequence could not sue in these Courts. I have already delivered a judgment to the effect that although unregistered at the time of the issue of the writ, the plaintiffs were not precluded from enforcing by action any rights acquired by them while not in default. But the defence of illegality goes further. It is argued that the essence of the plaintiffs' case is the danger of the defendants' cigarettes being mistaken for or sold as the plaintiffs' cigarettes. This of necessity involves proof of sale by the plaintiffs at between February and June 1931, during which the plaintiffs were in default, as the defendants' sales did not commence until May 1931. Further it is said that sales during the period while the plaintiffs were in default involved the making of contracts and such contracts are inferentially prohibited by statute and are accordingly illegal. The plaintiffs, on the other hand, argue that the principle of my previous decision carried them the whole way and that although they had not complied with the provisions of Section 290 of the Ordinance No. 155 (Companies), the effect of non-compliance merely rendered the Company and its officers liable to penalties and did not render void or illegal contracts entered into during the period that they were in default. The plaintiffs also called evidence which was to the effect that originally they commenced carrying on business in Kuala Lumpur in the F.M.S. and duly complied with the provisions of the British and Foreign Companies Enactment on the advice of their legal advisers in the F.M.S. The manager of the plaintiff company was under the mistaken impression that registration in the F.M.S. would also enable the Company to carry on business in the Colony. When the plaintiffs consulted Singapore lawyers with a view to commencing this action in Singapore they were immediately advised that compliance with Section 290 of the Ordinance 155 (Companies) was also necessary and they cabled for the necessary documents. Unfortunately when the documents arrived it was found that the method of certification which had been accepted by the Registrar of Companies, Kuala Lumpur, was not acceptable to the Registrar of Companies, Singapore, and further documents had to be obtained to satisfy his requirements. This caused further delay and the documents were not finally accepted for registration until September 9th, 1931. I am satisfied that there was no intention on the part of the plaintiff Company to evade the provisions of the Companies Ordinance.

"The question of illegality so far as concerns the plaintiffs' dealings during the default period was accordingly further argued before me and various fresh authorities were cited. The cases of *Pearks, Gunston & Tee Ltd.*, v. *Thompson Talmey & Co.*, 18 R.P.C. p. 185 and of *H. E. Randall Ltd.* v. *British & American Shoe Company*, 1902, 2 Ch. p. 354, dealt with failure to comply with Sections 41 and 42 of the Companies Act of 1862. These are the provisions relating to the affixing of the Company's name on all bill head letter paper, etc. and the effect of these sections is now re-enacted in the local Ordinance by Section 66 as regards companies locally registered and by Section 290 (6) (c) as regards foreign companies registered under that Section. Section 41 of the Act of 1862 enacts the company's duties and Section 42 imposes penalties on the company and on any director, manager or officer who 'knowingly or wilfully authorises or permits such default.' The words in inverted commas are also found in Section 66 (2) of the local Ordinance. The words, however, do not appear in Section 290 (7) where the penalty can be enforced 'if any company to which this Section applies, fails to comply with any of the requirements of this section.'

"The decisions in those cases followed the principle laid down by the House of Lords in the case of *Wright* v. *Horton*, 12 A.C. p 371. This case turned on the validity of certain debentures which had been issued to a director of the Company but had not been registered in accordance with Section 43 of the Act of 1862. Section 43 puts an express duty on a company to keep a register of mortgages and provides for penalties against the company and against its officers who knowingly and wilfully authorise or permit the omission to make an entry in such register. The mortgages are not avoided against creditors and a liquidator as they are in the later Companies Acts and under the local Ordinance. The House of Lords held that the debenture was not invalid. At page 382 Lord Fitzgerald says

'although Section 43 imposes a mandatory obligation on the company to keep a register, and to enter on it certain particulars of each charge, it does not declare that the absence of registry or a defective registry shall either avoid the charge or in any way invalidate it,' and later on on page 383, 'If it was intended in addition to invalidate the unregistered mortgage or charge if in the hands of a director, manager or officer to whom it had been granted, the statute has not said so,' and at page 384 in commenting upon two previous decisions of the Court of Chancery, *In re Native Iron Ore Co.* 2 Ch. D. p. 345, and *In re South Durham Iron Co.* 11 Ch. D. p. 571, he says 'It seems to me that the effect of these prior decisions has been to inflict a forfeiture which the statute does not impose in addition to the penalty which it does . . . . The prior decisions may have been wholesome but they are not warranted by the statute and I know of no equitable principle on which they can be sustained.'

"In the case of *Pearks, Gunston & Tee Ltd.* v. *Thompson Talmey & Co.* 18 R.P.C. p. 185 referred to above Farwell L. J. at page 189 sums up the effect of *Wright* v. *Horton* as follows:—

> 'Now, on the construction of the section, I have the assistance of the decision in the House of Lords on the 43rd section, which is practically in words identical with the present, and on principle it appears to me to be clear that when the Act of Parliament directs matters to be done, such as the painting of the name on a conspicuous place of the business, and using it in legible characters in notices and advertisements and so on, it is, as the 43rd section is, directory only. The Act of Parliament has imposed a penalty, and I am asked to add an additional penalty which the statute does not impose, and say that it is competent to any dishonest person who chooses, to steal the goodwill; and that the Company cannot come to this Court and get an injunction to restrain that theft because the Company has rendered itself liable to pecuniary penalties which will very probably after this be enforced against them.'

"Now, it may be said that the principle of these cases has no application to a default under Section 290 of Ordinance 155 (Companies) because the words 'knowingly and wilfully authorise etc.' are omitted, but it is to be remarked that under the Act of 1862 the mandatory obligation is not qualified in any way. It is only with regard to the imposition of the penalty that the question of an intention to evade the statute is made relevant and that is a matter for the Registrar of Companies and not for this Court.

"The principle is put concisely by Jessell, M.R. in the earlier case of *In re Globe Iron and Steel Co.*, 48 L.J., N.S. (Chancery) at page 298:—

> 'Then I come to the next question. Is it true that, in addition to the Act I have mentioned, there is an equity superadded to every Act of Parliament, that if a man does not obey it he forfeits all rights which are otherwise given him by law? I am not aware of any such rule. That would be adding to the Act of Parliament, and would not be a superadded equity. If a man is directed to do an act, and does not do it, and is made liable to a penalty by Act of Parliament, equity has no right to add an additional penalty. On the contrary, the ordinary principle of equity is to relieve from penalties and forfeiture, but in no case that I know of, to inflict them. Therefore, there not being any general principle with which I am acquainted, and no special equity, and nothing in the Act of Parliament, if this were a matter *res integra*, and there were no decisions I should say that the point was not fairly open to argument.' The decision of Jessell M.R. is approved and adopted by the House of Lords in the case of *Wright* v. *Horton*, 12 A.C. p. 371 above referred to. At page 380 Lord Watson says:—'I have come to the conclusion that the effect of the (supposed) rule is to inflict upon persons who may fail to perform the duty imposed upon them by section 43, severe penal consequences which the legislature has not enacted and cannot be held to have contemplated. The creation of such penalties, in addition to the pecuniary mulct which the legislature has thought fit to attach to the wilful neglect of the statutory duty of registration, is, in my opinion, altogether beyond the functions of a Court of Equity. I do not think it necessary to explain in detail the reasons which have led me to that conclusion. They are all to be found in the judgment delivered by the late Master of the Rolls in *Re Globe New Patent Iron and Steel Company*, in which I entirely concur, subject to the observation that it appears to me to be, in some passages, expressed in terms more forcible than the occasion required.'

The decision is also adopted by Lord Fitzgerald at page 384.

"It may also be relevant to refer to a *dictum* of Brett M.R. in the case of *A. G.* v. *Bradlaugh*, 14 Q.B.D. at page 687. The learned Master of the Rolls refers to new obligations imposed by Act of Parliament and not previously known to the common law. He says:—'Whenever an Act of Parliament imposes a new obligation, and in the same Act imposes a consequence upon the non-fulfilment of that obligation, that is the only consequence.'

"From these authorities it would appear to be quite clear that the only effect of non-compliance by the plaintiff Company with the

provisions of Section 290 of Ordinance No. 155 (Companies) was to render the Company and its officers liable to penalties and that in the absence of express words in the statute the plaintiffs have not by their default forfeited any of their normal rights or become an illegal association.

"Two later cases were cited before me but they really do not affect this point.

In *H. E. Randall Ltd.* v. *E. Bradley & Son.* 24 R.P.C. page 773 Cozens-Hardy M.R. pointed out at page 777 that if a Limited Company acquired the goodwill of a business, it was under a statutory obligation to add in addition its own name and that if it omitted all reference to its own statutory limited name it would be, or at least be very liable to be, attacked under the statutory provisions applicable to the case. This passage appears to me to refer to the penalties to which such a Company would render itself liable and does not suggest that the company in default would become an illegal association. The case of *Re Mann*, 36 R.P.C. page 189, was the case of an application for a trade mark by one Mann and one of the grounds of objection was that he had failed to comply with the provisions of the Business Names Act of 1916. At page 197 Sergeant J. says:—

> 'If I thought that the applicant was really carrying on business in defiance of the Act of 1916, and that the registration which he is now seeking was so sought in pursuance of this course of conduct, I should be very slow to accede to Mr. Hunter Gray's argument that the penalties prescribed by the Act must be considered as the only penalties for the offence, and that the Registrar would be bound to allow a registration which would aid the Applicant in a course of conduct prohibited by the statute. But neither of these propositions appears to me to be established. The Applicant's breach of the Act (if any) has been of the most trifling and technical character, for I think that in a business sense the Applicant may properly be described as carrying on business as successor to himself as formerly trading as the Power Flexible Tubing Company.'

If this *dictum* suggests that equity may impose penalties beyond those imposed by the statute, it is clear that such penalties will only be imposed if there has been a deliberate intention to evade the statute.

"In any case the plaintiffs cannot be in a worse position than they would be if they had ceased selling their cigarettes after the date when their default commenced. It has long been established that mere discontinuance is not by itself proof of abandonment (see Kerly on Trade Marks, 6th Ed. page 428). In the present case it is quite obvious that the plaintiffs had no intention whatever of abandoning any rights which they may have acquired previously to the date of their default."

The defendants appealed against the Judgment of Terrell, J. granting to the plaintiffs a perpetual injunction against the use by the appellants of the mark or title "Twenty-one" in words or "21" in figures or of any similar mark, device or title in regard to any cigarettes manufactured or sold by them. The appeal was heard by Murison, C.J., Burton, J. and Whitley, J.

16.7.32.

MURISON, C.J.—This is an appeal from the judgment of Terrell, J., in favour of the Plaintiffs.

The writ claimed an injunction to restrain the Defendant Company from applying the mark or device consisting of the words or numbers "Twenty One" to any carton, tin, etc., of cigarettes or to any cigarettes imported or sold by them and from passing off by means of such or similar mark or device cigarettes of their own or other manufacture as and for the Plaintiffs' cigarettes. Consequential relief was also claimed.

The Plaintiff Company was incorporated in England in the year 1929 and is a manufacturer of cigarettes and tobacco.

The Company has since the month of November, 1929, or thereabouts manufactured and sold a brand of cigarettes called "Golden Sword" Brand. The said cigarettes are packed in tins containing 100 cigarettes. Each tin is marked conspicuously with the symbol "Two for One" indicating that the price is two cigarettes for one cent and this appears on the side of the tin and also on the lid. The cigarettes themselves are marked with the number "21" in figures placed above a device consisting of crossed swords with the word "Virginia" written below.

Since November, 1929, or thereabouts the Plaintiffs' cigarettes have been imported and sold in tins such as are above described by the Plaintiffs or by purchasers from the Plaintiffs in the Straits Settlements and elsewhere throughout Malaya. They are supplied particularly to natives, and are mainly consumed by Malay, Chinese, Indian and other natives who do not know English. The Plaintiffs claim that their cigarettes are and have been for some time before February, 1931, commonly asked for by dealers and consumers in the Straits Settlements Market not by their original name "Golden Sword" but by the description "Twenty One" Brand or its equivalent in the language of the purchaser; and that the name "Twenty One," as applied to cigarettes which are sold at the price of two for one cent, has become well known in the market as being the name of cigarettes manufactured by the Plaintiffs. The Plaintiffs claim to have built up an extensive trade in the said cigarettes in this Colony and elsewhere in Malaya.

The Defendant Company is a Company registered in the Straits Settlements and is a manufacturer of tobacco and cigarettes.

On or about the 20th of May, 1931, the Defendant Company commenced to manufacture and offer for sale in the Straits Settlements and elsewhere in Malaya a brand of cigarettes called "Twenty One." The said cigarettes are got up for sale in packets of ten. The number "Twenty One" is written upon the packet above a device depicting the Ace and King of Hearts placed together fanwise as held in the hand of a card player and appearing to represent a natural at the game of "Vingt et un" or the similar Chinese game called "Ban Lak." The cigarettes themselves have written upon their sides the number "Twenty One" in English words. The Defendants' cigarettes are sold at the price of two for one cent and are supplied for consumption to the same class of buyers as the Plaintiffs' brand.

The Plaintiffs further contend that the Defendants' brand has acquired, or will acquire in the market the name of "Twenty One" brand and has been sold, or will be sold, to dealers and consumers by the description of "Twenty One" brand.

They say that before the introduction of the Defendants' brand the Defendants were aware or might with reasonable diligence have been aware of the Plaintiffs' brand, that confusion has arisen and will continue to arise between the two brands by reason of their being asked for and sold under the name of "Twenty One," and that the use of the number "Twenty One" by the Defendants in the circumstances aforesaid is calculated to deceive and to cause the cigarettes manufactured by the Defendants to be passed off as and for cigarettes of the Plaintiffs' manufacture.

Before this action began the Plaintiffs asked the Defendants to discontinue the use of the number "Twenty One" in connection with the sale of the cigarettes referred to but the Defendants refused.

The Defendants denied that their tins were marked conspicuously with the words "Two for One" and say they were marked "2 for 1." They say their cigarettes are marked with the English words "Twenty One." They deny that the Plaintiffs' cigarettes were known in the market as "Twenty One" cigarettes: that any confusion was caused: or that the use of the number "21" ever did or is in future likely to deceive anyone or to cause their cigarettes to be passed off as and for the Plaintiffs' cigarettes.

The cardinal principle applicable to this class of cases is laid down by Lord Kingsdown in the *Leather Cloth Co.* v. *American Leather Cloth Co.*, (1865) 11 H.L.C. 538—"The fundamental rule is that one man has no right to put off his goods for sale as the goods of a rival trader and he cannot therefore be allowed to use names marks or other indicia by which he may induce purchasers to believe that the goods which he is selling are the manufacture of another person." This pronouncement was quoted with approval by Lord Herschell in *Reddaway* v. *Banham*, (1896) A.C. at page 209.

It is not argued here that there is any similarity of get-up between the Plaintiffs' and Defendants' goods. The Plaintiffs' case therefore depends upon the similarity of the name "Twenty One" cigarettes. By the adoption of that name by the Defendants the Plaintiffs say that they enable purchasers from them the Defendants—to tell a lie, that is to represent their cigarettes as the Plaintiffs' There need not necessarily be fraud by the agent involving proof of the principal's responsibility. The representation may be innocent.

It appears from the evidence and is admitted that the Plaintiffs' cigarettes were known on the market by several names other than "Twenty One" but it is sufficient for the Plaintiffs' case to show that his cigarettes were known as "Twenty One" cigarettes, and the fact that they were known by such other names does not detract from their rights in the name "Twenty One" (*Orr Ewing & Co.* v. *Johnston & Co.*, (1880) 13 C.D. at page 446-7).

The first thing which the Plaintiffs had to establish was that their cigarettes were widely known in the market as "Twenty One" cigarettes. The trial judge found as a fact that such was the case. It is clear that there was ample evidence upon which this finding was based. Mr. Snowie the Defendants' manager himself says: "All distributors stock both the Plaintiffs' and the Defendants' cigarettes. The Plaintiffs have been two years in the market." At the end of the list (Exhibit 8) of cigarettes sold in Singapore, with their names, which is appended to an affidavit dated 20th June, 1931, by Mr. Daynes, a former manager of the British American Tobacco Co., an associate Company of the Defendants', the Plaintiffs' cigarettes are mentioned as "Twenty One" cigarettes, or (in Malay) "Dua Satu." From Mr. Schaub's evidence (he is the manager in Singapore of the N. V. Straits Java Trading Company, Plaintiffs' distributors) it is shown, when one works out his figures, that the Plaintiffs sold from the beginning of 1931 (when their cigarettes began to be invoiced as "21" and no longer as "Golden Sword") up to the date of the writ some 6,000,000 of their cigarettes throughout Malaya. Exhibit N (Translations 335, 336, 337, 338) and Exhibit O show examples of orders for Plaintiffs' cigarettes under the name of "21." And, further, the Plaintiffs' witnesses clearly show that cigarettes were habitually asked for in the market as "21" cigarettes.

There is no proof—nor is it contended—that the Defendants' cigarettes under the name of "21" were ever put on the market before May, 1931.

In my opinion, therefore, the Judge had ample evidence for finding as a fact that the Plaintiffs' cigarettes from the beginning of February, 1931, onwards have been widely and until May, 1931, exclusively known in the market as "21" cigarettes.

The learned trial judge goes further than this. He finds as a fact that the Defendants' "21" cigarettes were introduced on the market by the Defendants with the full knowledge that the Plaintiffs' cigarettes had acquired this name on the market, and with the intention of appropriating the goodwill attached to the Plaintiffs' cigarettes under this name.

In my opinion this finding has much to support it. In fact it is clearly shown in the evidence that one Wee Thian Siew who is sole distributing agent for the Defendants but had previously been selling agent for the Plaintiffs, himself invented the idea of calling Defendants' cigarettes "21" cigarettes. He admits it himself. And then Mr. Snowie, in his evidence (he is manager for the Defendants) admits that he superintended the advertising and distribution of the Defendants' cigarettes so that it is, as the trial Judge finds, very improbable that he did not know that the Defendants' cigarettes were being sold as "21" cigarettes and that the Plaintiffs' cigarettes were already on the market as "21" cigarettes. I may here advert to the coupon which Wee Thian Siew also had printed for dealers with the words "Twenty One" in English on it, as an inducement to dealers to sell the Defendants' in preference to the Plaintiffs' cigarettes. Whether this was fraud or not it is quite reasonably clear that as Mr. Snowie the Defendants' manager supervised the Defendants' advertisements and sales he must have known of this device as a representation that his cigarettes were the original "21" cigarettes.

The position in regard to this point, is in the present case the exact opposite of the circumstances mentioned by Lord Hanworth M.R. in his judgment in *Re Hammermill's Paper Co.*, (1932) 146 L.T.R. at page 494:—

> "The word "Abermill" we are told—and that is accepted—was chosen in this way. It was suggested by a London man, but in reference to the locality where the paper is produced, Bucksburn, near Aberdeen. "Aber" is the first four letters of the word "Aberdeen." It was chosen without any sort of reference to, reflection on, or thought of the opponents' words "Hammermill," and it was chosen by persons who are accustomed to the lingo in Scotland where the aspirate would not be omitted, and I confess myself that I think it is abundantly proved that this word was chosen quite honestly and without endeavouring in any way to seek to deduce any sort of advantage from the word "Hammermill." We are told that the appellants were aware of the user of the word "Hammermill" at the time, but I think it rather adds weight to the fact of their honesty that in spite of that knowledge they choose this word "Abermill." At any rate, for the purposes of this case —and this is a fact on which I want to place some emphasis—it is not suggested that there was any impropriety in the choice made of this particular word, still less was there any fraudulent intention or any suggestion of a stratagem exercised by the appellants to try and use a mark which might give rise to confusion with goods sold under the "Hammermill" mark.

I agree with the trial Judge that the Defendants' conduct shows knowledge by the Defendants of the Plaintiffs' name "21" and deliberate intention by the Defendants to appropriate the goodwill attaching to it.

The only other remaining point was for the Plaintiffs to prove probability of deception. So far as the get-up of the tins and covers is concerned there is no question of deception. But it is in evidence that large quantities of the Plaintiffs' cigarettes were sold loose by hawkers, small shop-keepers, stall-holders, etc., to the poorer classes of Chinese, Indians, etc., and the trial Judge finds that the intermediate sellers were in the habit of putting cigarettes in tins to keep them dry. In this country that is an essential thing to do. Loose sales from such tins discount any warning against deception which the production of the original tin with its different get-up would be likely to give. The sales are conducted on the words "Twenty One." It is further in evidence that the profit to the hawker is greater on the sale of Defendants' cigarettes than on the sale of the Plaintiffs' cigarettes.

I again agree with the trial judge's finding that the probability of deception in the circumstances of these sales is very definite.

Upon the whole case I agree with all the findings and conclusions of the trial Judge. Reverting to the words of Lord Kingsdown's judgment quoted above, I am of opinion that the Defendants in this case have deliberately and systematically schemed to put off for sale their goods as the goods of a rival and have used the Plaintiffs' indicia to induce purchasers to believe that their goods are the manufacture of the Plaintiffs.

I would dismiss the appeal with costs.

BURTON, J.—This is an appeal from the judgment of Terrell, J., giving the Plaintiff-Respondents a perpetual injunction against the appellants restraining them from applying the mark or title "Twenty One" in words or "21" in figures, or any similar mark, device or title to any cigarettes manufactured or sold by them.

In November, 1929, the plaintiffs had put on the local market a cigarette which they called "Golden Sword Brand" which were retailed at the price of two for one cent. The tins were marked with the device of crossed swords contained in a shield, with the words "Golden" above the "Sword" below the device. The tins also bore both on top and sides the figures 2 and 1 separated by the word "for." The tins contained one hundred cigarettes and were sold in cardboard cartons containing twelve tins each. The cartons were marked in large figures on the sides 2 for 1, but did not bear the device of crossed swords. The cigarettes themselves bore the device of the crossed swords horizontally across them, and above it the figures 21 and below it the word "Virginia." These cigarettes were not put on the market as "Twenty One," but were at first invoiced to dealers as "Golden Sword Brand."

The cigarettes are cheap and were designed to sell among the working classes; they aimed at a market where it is the rare exception for a person to read or write English; though the numerals, as appearing on trains, motor cars and houses are generally familiar. Consequently it is not surprising that these cigarettes began to be known among the people for whom they were designed by that part of the device which impressed itself obviously upon their eyes, the figures "21," and by February, 1931, the plaintiffs had begun to invoice them to dealers as "Golden Sword 21." But there is evidence that they were ordered by dealers by that name in April, 1930, and Terrell, J., found on the facts that the plaintiffs' cigarettes were widely known in the market by the Chinese and Malay equivalents for "Twenty One," and were also to some extent known in English as "Twenty One." That is a finding of fact with which on the evidence I find myself in full agreement. I do not think it can be challenged.

In May, 1931, when the plaintiffs' cigarettes had been on the market about eighteen months and known as "Twenty One" cigarettes for about a year, the defendants placed another cigarette on the market. It was put up in cardboard packets of ten cigarettes each; the device consists of two playing cards, the Ace and King of Hearts, forming what is known as a "natural" at the game of Vingt-et-un, and the almost exactly similar Chinese game of Ban Lak. Above the two cards appear the words in large print "Twenty One." The words "Twenty One" also appear at each end of the packet. The cigarettes are much thicker than the "Golden Sword" cigarettes. They each bear the words "Twenty One" printed lengthwise on the paper.

It was conceded that there was no resemblance in the get-up of the two brands, and the cigarettes themselves also appear to me to be quite different in appearance.

I think the true principle to be applied in this case is that laid down by Lord Cranworth, C., in *Seixo* v. *Provizende*, L.R. 1 Ch. 192, where he says—

> "If the goods of a manufacturer have, from the mark or device he has used, become known in the market by a particular name, I think that the adoption by a rival trader of any mark which will cause his goods to bear the same name in the market may be as much a violation of the rights of that rival as the actual copy of the device."

There is in this case no evidence that the defendants' cigarettes were actually passed off as plaintiffs'. There was hardly time to obtain such evidence for the cigarettes appeared in the market in May, 1931, and the plaintiffs issued their writ on June 2nd. What little evidence there is, does not appear to help the plaintiffs' case on the score of misunderstanding. Tan Boon Kok, a salesman of the plaintiff Company asked—

> "Have you known of any misunderstanding as regards plaintiffs' and defendants' cigarettes?"

answered,

> "Yes, about two months ago I went out to get orders and people asked me 'Have you got 'gee yit.'' Then he asked for one box. I gave him one of our cartons. He said 'No, not this kind.' He wanted them in packets of ten. I found he wanted defendants' cigarettes,"

and L. M. Abdul Mohamed, a cigarette stall-holder at the New World Show, when asked,

> "How do you know what customer wants when he asks 'Twenty One'?"

answered,

> "I first take the tin (Plaintiffs' exhibit C1). Sometimes they say 'These are not what I want, I want packets.' I then produce defendants' cigarettes."

There is an ambiguity in the word "sometimes" and the sentence can bear a meaning not favourable to the defendants. But it is not by any means necessary that there should be such evidence. This is in effect a *quia timet* action and the plaintiffs have to establish a reasonable probability of deception. In *Burberrys* v. *Cording*, 26 R.P.C. 693, Parker, J., said—

> "But whatever be the nature or history of the word or name, in whatever way it has been used, either by the person seeking an

injunction or by others, it is necessary where there has been no actual deception, to establish at least a reasonable probability. In such cases the action is, in effect, a *quia timet* action, and unless some reasonable probability is established the proper course is in my opinion to refuse an injunction leaving the plaintiff to his remedy if cases of actual deception afterwards occur."

Now I am quite satisfied that there is no chance of a purchaser who knows "Golden Sword Brand" being deceived by the defendants' "Twenty One" packet. The differences between the packet and the tin are obvious.

Nor do I think it probable that a careful and discriminating purchaser of loose cigarettes—and it must be remembered that very large numbers of these cigarettes are sold loosely at two for a cent—would be deceived if he were accustomed to smoking the plaintiffs' cigarettes and knew what he wanted. The Defendants' cigarette is so much thicker that an ordinary purchaser who knew the "Golden Sword" brand would, I think, feel the difference. I do not attribute any importance to the difference of device on the cigarette itself. That in my opinion would not operate to protect the plaintiffs' cigarettes from confusion. I do not think that ninety nine people out of a hundred could say off-hand what is the device on their favourite cigarette.

But that is not the whole of the case. Although the defendants have not invaded the whole of the plaintiffs' market, I think it is clear that they are invading a part of it. It is probable in my opinion that any purchaser might think that the defendants' packets contained the same make of cigarette as the plaintiffs' tins marketed in smaller quantities to meet a different demand. The literacy or illiteracy of the probable purchaser does not, I think, matter. The cigarettes asked for would be described as "Twenty One" and the retailer quite honestly offer the purchaser the choice of a tin of one hundred or a packet of ten.

We have also to consider a new purchaser of "21" cigarettes who had been recommended to buy them under the name of "Twenty One." It is as probable that he would be given defendants' as plaintiffs' cigarettes. This aspect of the case is not regarded as dangerous by Mr. Burchard, the plaintiff Company's representative in Singapore. He says in his evidence—

> "What we are afraid of is that a man who knows our cigarettes will have the defendants' passed off on to him. I am not worrying about the man who has not had our cigarettes, as far as he is concerned I should not ask for an injunction. The danger is in the case of our regular smokers."

Still it is undoubtedly one element in the case, though it might not of itself be sufficient to support an injunction.

The greatest possibility of confusion is likely to arise in my opinion with the ordinary undiscriminating buyer. The defendants attempted to shew that the native buyer is astute and cannot be deceived. But the evidence did not impress Terrell, J., and it does not impress me. The inference depends on Mr. Snowie's evidence, who is a Director of the Defendant Company and in charge of Ardath in the East. He said—

> "The consumers are very wary.... They cannot be deceived. They have been brought up from their childhood not to be deceived."

But a moment before he had said—

> "I agree that hawkers do sell cigarettes from packets and put them into tins. Sometimes at night they hope they will be mistaken for a better class cigarette."

These are the cheapest cigarettes on the market; they aim at the coolie market; they are advertised as "economical." The one recommendation that attracts the coolie is that he gets two for a cent. It is not excellence but cheapness that primarily recommends these cigarettes. Such a purchaser asking for plaintiffs' might quite honestly be given defendants' cigarettes, and seeing it was bigger, the next time he was given one of plaintiffs' cigarettes, he would reject it because of the size. He might moveover think that it was the plaintiffs who were marketing the bigger cigarette, and that he was in fact getting what he was asking for.

It is legitimate of course to capture another man's market by selling a bigger article for the same price. But the illegitimate element here is that the defendants are invoking the help of the confusion in names to bring their cigarettes into the market; the probability that the defendants' cigarettes will be introduced to purchasers asking for the plaintiffs' because of the similarity of name.

One may well ask why the defendants chose the name "Twenty One" at all for their cigarettes. To them it was a meaningless numeral. It has a meaning in connection with "Golden Sword" cigarettes, because it was derived from Plaintiffs' 2 for 1 mark, which had become "21" in the mouths of purchasers. But when the defendants adopted it, it had become a meaningless name. But they re-inforced the meaningless "Twenty One" by a card device which must suggest "Twenty One" to every coolie who can play Ban Lak, and Mr. Snowie in his evidence says—

> "The bulk of the consumers of the 2 for 1 cigarettes are Chinese. In the 'two for one' class I estimate the Chinese consume practically 80% of the cigarettes smoked."

If they wanted the card device there are many other slogans they could have attached to it with equal appropriateness.

Moreover there is evidence that the dealers gave bonuses by means of coupons to hawkers for selling defendants' cigarettes. One of the coupons is in evidence and it bears the figures "21" and the words "Twenty One." The advertisements actually emanated from Ban Leong & Co., the Selling Agents, but Terrell, J., finds that—

> "The selling agents advertised the cigarette at their own expense, but under the supervision of the defendants."

But even if the coupon is no evidence that the defendants pushed their cigarettes as "Twenty One" it is very strong evidence that among the retailers the defendants' cigarettes were known as "Twenty One" or "21." Hawkers are probably equally illiterate with coolies, and the assistants in retail shops very little more educated. Moreover Mr. Snowie's evidence is that "The clerical class are coming down to the ½ cent cigarette owing to the slump," though he adds (what I am not satisfied is correct) that such people would ask for plaintiffs' cigarettes as "Golden Sword."

There is evidence too that the retailer made a greater profit on the sale of the defendants' cigarettes.

I cannot agree with the argument that "21" is a price description. It may have begun as a price description. But it is clearly now a fancy name. It is not like the "Magazine of Fiction" in *Stevens* v. *Carsell*, 30 R.P.C. 199, nor "Oval Blue" in *Ripley* v. *Griffiths*, 19 R.P.C. 590, which Farwell L.J. calls "two common words in the English language which accurately describe the article sold." The words or figures "Twenty One" are as meaningless as the device "Golden Sword" in relation to the cigarette.

I think therefore that there is a strong probability of defendants' cigarettes being sold for plaintiffs' in the market for which they are designed and I think the appeal should be dismissed with costs.

WHITLEY, J.—I agree that this appeal should be dismissed.

The principle upon which it seems to me the Plaintiffs are entitled to the relief which they sought against the Defendants is what Lord Macnaghten in *Reddaway* v. *Banham*, (1896) A.C. at p. 215 described as the old and familiar doctrines which have been repeated over and over again:—

> "No man is entitled to represent his goods as being the goods of another man; and no man is permitted to use any mark, sign or symbol, device or other means whereby, without making a direct false representation himself to a purchaser who purchases from him he enables such purchaser to tell a lie or to make a false representation to somebody else who is the ultimate customer."

The Plaintiffs must prove in the first instance that the trade name "Twenty one" which they claim has been so extensively used in connection with the cigarettes which they sell that they have come to be known in the market by that name; that anyone using that name would intend to refer their cigarettes and that anyone to whom the name was used would understand that their cigarettes were referred to. They need not prove that their cigarettes were only known by that name. If goods are sold in the market by a particular maker as A or B no rival manufacturer has the right to appropriate to himself either of the names A or B. (Per Fry J. in *Orr Ewing* v. *Johnston*, 13 Ch. D. at page 447).

The plaintiffs-respondents put their cigarettes into the market under the name "Golden Sword." The price at which they were retailed being 2 for 1 cent, the tins and cartons were marked prominently "2 for 1" and on the cigarettes themselves appeared above the crossed swords the figures 21 with the word "for" omitted. The principal customers for these cheap cigarettes are the illiterate coolie class. To them the words Golden Sword convey nothing and as they belong for the most part to peaceful races the symbol of the crossed swords would probably also not appeal to them. But most of them do understand and recognize numerals and that happened which one would expect to happen in a country such as this—the consumers and the middlemen gradually came to refer to these cigarettes by the name "Twenty one," instead of by the name "Golden Sword." The trial Judge found as a fact that they had, prior to date upon which the Defendants' cigarettes were introduced, become widely known in the market by the name "Twenty one" or its equivalent in Chinese or Malay. There is ample evidence to support that finding. I need only refer to the list of cigarette names filed by the defendants in which appears:—

Hokien & Teochew

"Golden Sword" Gee Yit (Two one).
Sian Khiam (Double sword).

Cantonese

Yee Yet (Two one).
Yee sup yet (Twenty one).

Malay

Dua satu (Two one).

In this list which is an exhaustive one there is no suggestion that any cigarette other than that of the Plaintiffs' had attracted to itself the name Twenty one.

It is thus clearly established that the Plaintiffs' cigarettes acquired what may be described as a fancy name, that they were widely known by that name and that no other cigarettes were known by that name. Mr. Smith contended that "twenty one" or "2 1" was not a fancy

name but an indication of price and that on the authority of the case of *Leaky and others* v. *Glover*, 10 R.P.C. 141 no one can acquire the exclusive right to the use of words which are merely an indication of price. That contention might be sound if the name of which the Plaintiffs were claiming exclusive use were "Two for one." That would clearly be an indication of price but equally clearly the name "Twenty one" is not. Whatever its origin it has become a fancy name just as much as "555" as the name for other cigarettes and "4711" for a brand of Eau de Cologne.

In *Leaky's* case the Plaintiffs failed in their endeavour to prevent the use by the Defendant of the name "Two D" for their cigars but it is to be noted that in that case Lord Macnaghten at page 159 held that "It is clear that the expression Two D as applied to cigars does not mean and would not be understood to mean the Plaintiffs' cigars. It is neither more or less than a slang terms for a twopenny cigar." That case is thus clearly distinguishable from the present one.

The Plaintiffs having established that their cigarettes have from the mark or device they have used become known in the market by the name "Twenty one" they have next to show that the Defendants have adopted a mark which will cause their cigarettes to bear the same name in the market or to be likely to mislead purchasers and to lead them to buy the Defendants' cigarettes as and for the cigarettes of the Plaintiffs'. (*Reddaway* v. *Banham, Supra*). It is common ground that the get up of the Defendants' cigarettes is entirely different. What the Plaintiffs complain of is that the Defendants put their cigarettes on the market under the name "Twenty one" and that name is inscribed on the cigarettes and on the containers. The Defendants called evidence to show that their cigarettes were known on the market by other names and not by the name "Twenty one" but one of their witnesses Lee Cheng Hoe a stall-holder stated that customers had bought them by asking in English for "Twenty one" cigarettes. It seems to me that the use by Plaintiffs of the name "Twenty one" is not only likely but bound to result in some purchasers buying the Plaintiffs' cigarettes as and for the Defendants'. I will consider the case of a middleman who previously stocked Plaintiffs' cigarettes and sold them as "Twenty one." Defendants then induce him to stock also their "Twenty ones" upon which it is in evidence, he can make a larger profit. A customer who has hitherto always smoked the Plaintiffs' "Twenty ones" comes and asks for some "Twenty ones." There must be a great temptation for the middleman to hand to him the Defendants' cigarettes and thereby make a greater profit for himself. He can do so quite honestly for the Defendants' cigarettes are twenty ones and if the customer, noticing the difference in appearance, says that they are not the same as before the middleman can point to the words and insist that they are Twenty ones. The customer may well think that the manufacturers have merely slightly increased the size and go away satisfied that he has got the same cigarette as before in a slightly altered form. He may indeed in future ask for the bigger ones thinking that he is getting more for his money but the fact remains that it was the adoption of the name "Twenty one" by the Defendants which was the immediate cause of this man smoking the Defendants' cigarettes and ceasing to smoke those of the Plaintiffs'. This is one of many instances which one can envisage of how the use of the name by the Defendants is calculated to deceive.

I also find myself in entire agreement with the finding of the trial Judge "that the Defendants' "Twenty one" cigarettes were introduced by the Defendants with full knowledge that the Plaintiffs' cigarettes had acquired this name." It is difficult to believe that the adoption of the name "Twenty one" as a name for cigarettes which were to compete with Plaintiffs' already well-established "Twenty ones" in the same market was a pure coincidence. The Defendants' own list shows that they knew that Plaintiffs' cigarettes were selling as "Twenty ones" and it must clearly be one of the most important duties of their management to keep in closest touch with the local market in such matters.

It is contended for the Defendants that this finding is tantamount to a finding of fraud and that it was not open to the Judge to find fraud when it had not been specifically pleaded. He relied upon the case of *Claudius Ash* v. *Invicta Manufacturing Co., Ltd.*, 28 R. P. C. 597 in which Kennedy L.J. at page 609 made this observation:—

> "I desire, for my part, to endorse what has been said of the great importance, in the interest of justice to individuals, in clearly alleging fraud, if you mean to make that your case. It is the most serious allegation that can be made in a civil action, and it ought not to be left to argument of implication."

But in that case as Buckley, L.J. pointed out there was "no such case of fraud pleaded as is now set up, so that the issue was not brought to a trial." Furthermore this issue was raised and argued for the first time on the question of costs in the Court of Appeal. The present case is different in that the facts upon which this finding was based were sufficiently pleaded in paragraph 7 of the Statement of Claim and a considerable body of evidence was led to the point. It is not necessary to use the word fraud. In the

Orr Ewing case fraud does not appear to have been pleaded in so many words yet James, L.J. found what really amounts to exactly the same finding as that complained of in the present case. The words of the Lord Justice (at p. 453) are so apposite to the present case that I will conclude by paraphrasing them substituting the expression "trade name" for "trade mark":—

> "Now what could have been the only motive of the Defendants which can be suggested to a man of the world by a man of the world in doing that but to do something which was likely to cause their goods to be mistaken for the Plaintiffs' goods and to be accepted by the customers of the man who had been in the habit of selling them as being a continuation of the same goods which he had been in the habit of supplying to them? It is not necessary for this case that a man actually intended to tell a lie or that a lie has been told. It is sufficient that a man should wilfully use the trade name of his neighbour calculating thus to enable his goods to be passed off for the goods of his neighbour. I am of opinion that it was probable and probable almost to a certainty that the name used by the Defendants would tend to enable anybody so minded to represent those goods as being goods of the same character proceeding from the same manufacturers as the goods which had been formerly accepted with confidence under the trade name of the Plaintiffs. It was calculated to do so. Beyond that suppose a man had by accident inadvertently used a trade name so calculated to deceive the ultimate purchaser and therefore so calculated to injure the Plaintiffs in their legitimate right of property in a trade name, the moment that man's attention was called to the fact of the similarity and to the complaint of the persons who owned the first trade name that it was likely to injure them it was his duty immediately to discontinue the use of the trade name complained of and however honest or inadvertent the original mistake may have been, the continuation of the use of it after that was pointed out is itself sufficient evidence of a fraudulent intention. The fraud would then consist in continuing to do it even if there had been an original inadvertence in the use of it. But I am bound to say in this case that I am not on the evidence satisfied that there was any innocent inadvertence or mistake. I am not satisfied that there was not from the first an original intention to use the same trade name as the Plaintiffs' with the intent to enable the Defendants' goods to be passed off as the Plaintiffs' goods."

I would dismiss the appeal with costs.

Appeal dismissed.

Solicitors for the Plaintiffs (Respondents)—*Sisson & Delay.*

Solicitors for the Defendants (Appellants)—*Donaldson & Burkinshaw.*

MALACCA.

[ORIGINAL CIVIL JURISDICTION]

IN THE MATTER OF THE PETITION OF RIGHT OF N.P.L.R.M. VAIRAVAN CHETTIAR, Petitioner (Plaintiff).

vs.

THE ATTORNEY-GENERAL OF THE STRAITS SETTLEMENTS ..... Defendant.

[MALACCA CROWN SUIT No. 3 of 1932]

Crown Suits—wrongful arrest by Police Constable—damages—liability of Crown—remedy by Petition of Right.

Where a Police Constable, having been handed a warrant of arrest with instructions to ask the complainant in the case to point out the accused named therein, brought the complainant in handcuffs to the Police Station, in an action against the Government for damages for wrongful arrest,.

Held, that the Government was liable inasmuch as the act of bringing the complainant in itself though authorised was done in an unauthorised manner.

Barwick v. *English Joint Stock Bank*, L.R. 2 Ex 259, *Mackay* v. *Commercial Bank of New Brunswick*, L.R.C. P.C. 394 and *Lloyd, Grace Smith & Co.*, (1912) A.C. 733 applied.

Action tried by Terrell, J. on the 12th and 13th days of October, 1932. The findings of fact and the arguments are related in the judgment below.

Walters (*Munro* with him) for the Plaintiff.

Pedlow, Solicitor-General for the Crown.

Cur. Ad. Vult.

TERRELL, J.—The Petitioner in this suit is one N. P. L. R. M. Vairavan Chettiar carrying on business at No. 66 First Cross Street, Malacca, and is hereafter referred to as the "Plaintiff."

It appears that on the 8th June 1932 a warrant had been issued at the instance of the plaintiff for the arrest of four Chinese, only one of whom was mentioned by name (Exhibit A) The warrant was after issue delivered by a Police Court peon to a clerk in the Chief Inspector's office for necessary action. Sergeant Hassan who was in charge of the Central Station on the afternoon of the 8th June had collected at the police station a Lance-Corporal, two police constables and a detective for the purpose of executing the warrant. The warrant itself was handed to P. C. 607. According to paragraph 2 of the Answer, the P. C. was instructed to ask the